UBA HRElements℠

January 2010

Ideas and Information for Human Resources Professionals

The HR Elements℠
bulletin is brought to you by

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In This Edition

Workforce

Bad Economy, Boredom Threaten Employees' Productivity, Creativity

The recession and a lack of interest in work are driving American workers into the dumps, and that could spell trouble for employers, several studies indicate.

A recent study by the Conference Board research group finds that only 45 percent of Americans were satisfied with their job in 2009 -- the lowest level recorded since the group started studying the topic 22 years ago. In the previous year, 49 percent of employees said they were satisfied with their work.

The study cites a variety of factors that are souring employees' feelings about work, including lagging pay and the high cost of health care.

Luckily for some employees, the trend of salary freezes might slow in 2010. According to a recent Mercer study, only 14 percent of mid-size and large companies expect across-the-board salary freezes in 2010. While more raises might be doled out this year, they won't be a windfall for most. The survey predicts average pay increases to be 2.7 percent this year, down from 3.2 percent last year.

The struggle to keep workers happy and productive doesn't stop with a paycheck, however. While the tight economy is forcing many employers to freeze or reduce pay and benefits, worker discontent is springing from additional sources, according to the Conference Board study. Only 51 percent find their jobs interesting - another 22-year low, the study reveals. In 1987, nearly 70 percent of workers found their work interesting.

A lack of interest can drain a company's productivity because engaged employees are more innovative and take calculated risks, said Linda Barrington of the Conference Board.

"What's really disturbing about growing job dissatisfaction is the way it can play into the competitive nature of the U.S. workforce down the road and on the growth of the U.S. economy -- all in a negative way," said the Conference Board's Lynn Franco, another author of the report.

Discontent also can breed short-term trouble for employers if it leads to high turnover. A new survey by CareerBuilder finds that nearly one in five American workers plan to leave their current job in 2010 despite the pressures of a tight job market.

Apart from recruiting and training costs, high turnover can cost employers their customers. A new Cornell University study found that companies with a steady flow of new hires often fall short of meeting their customers' needs.

"When turnover is low, the number of new hires in a work unit doesn't really impact customers' service quality perceptions," the study states. "But when turnover is high, the number of newcomers is crucial -- the more new workers in a group, the more unhappy customers are."

Retirement Benefits

Happy Times Return for Some Retirement Plans

With the recent rebound of the stock market, employers are turning their attention to strengthening their retirement benefits and boosting participation, according to new surveys.

Recent industry surveys reveal a strong increase in automatic enrollment in 401(k) plans and more plans offering target-date funds. Employers also are letting employees get in the game earlier than in the past, according to Profit Sharing/401(k) Council of America (PSCA), which said 57.4 percent of surveyed retirement plans allow new hires to enroll in the plan immediately -- more than double the plans that did so in 1998.

Automatic enrollment and target-date funds, which are designed to increase participation and make retirement planning easier, are key tools in improving retirement plans, according to PSCA President David Wray. "I think that both developments are positive steps, and over the long term, have added significantly to [the] retirement security of American workers," Wray said.

Fifty-eight percent of mid-size and large companies had automatic enrollment in 2009, an increase from 34 percent in 2007, according to Hewitt Associates. Of those, 69 percent included target-date funds.

However, both tactics have drawn fire from advocacy groups and lawmakers. While automatic enrollment and target-date funds can boost participation and simplify investing, they can lead to higher fees and expenses, experts say. Target-date funds have come under fire because of their poor performance during the recession, their high fees and their inconsistency in holdings. Funds with the same target date can have vastly different investments, and there's no official definition for target-date funds.

Employees' choices also can hinder the success of target-date funds, said Norman Stein, a professor at the University of Alabama. "Research has suggested that a number of people put some of their money into target-date funds, but not all of it. And they are upsetting the balance that they might be paying extra fees for."

Health Care Reform

Legislators Appear to Dump Public Plan

Lawmakers' push for an overhaul of U.S. health care continued at the end of 2009 as the Senate passed its version of health care reform on Christmas Eve.

Democratic leaders from both houses of Congress are now discussing how to mold the Senate's bill with a previously passed House measure. The two bills must be blended into one and voted upon before President Barack Obama can sign it.

House Speaker Nancy Pelosi of California recently told reporters that legislators are close to a merger, although some substantial challenges remain, such as disagreements on a tax on high-cost plans, abortion coverage and subsidies for low-income families.

The idea of a government-run option appears all but dead, according to senior House Democrats. The provision was included in the House bill but was left off the Senate version -- a necessary move to ensure the needed 60 votes to block any Republican filibuster.

Democrats aim to finalize a bill and have it ready for signing before President Obama's State of the Union address in late January or early February.

In Brief

NEW COBRA GUIDANCE
The Department of Labor has updated its website to include information on the federal COBRA subsidy extension, which now covers workers who are involuntarily terminated through Feb. 28, 2010. The website includes model notices for employers and a section with frequently asked questions for employees. Go to: http://www.dol.gov/ebsa/cobra.html.

BIAS CLAIMS SLIP SLIGHTLY
The number of workplace discrimination cases in 2009 dipped slightly from an all-time high in the previous year. The Equal Employment Opportunity Commission (EEOC) received 93,277 claims last year, down 2.2 percent from 2008. The most common bias claims were based on race and retaliation (both 36 percent). Gender bias accounted for 30 percent of claims, the EEOC said.

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